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DEPARTMENT FOR AF, AF/E, DRL, INR; USTR FOR JACKSON;
NAIROBI FOR FLEITMAN

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TAGS: [ECON](#) [ENRG](#) [ETRD](#) [PGOV](#) [PHUM](#) [ELAB](#) [UG](#)
SUBJECT: UGANDA: PROGRESS ON GSP/AGOA ISSUES

REF: A. STATE 118626

[1](#)B. KAMPALA 0555

Classified By: Econ Off Nathan Carter for reasons 1.4 (b) and (d).

[1](#)1. (C) Summary: The Government of Uganda, Textile Unions, and Textile Manufacturers Association have made significant progress toward resolving the outstanding issues in the AFL-CIO GSP case. The Government,s passage of the new labor laws in May has been followed up with the signing of the implementing regulations on July 27, and a clarification of the industrial court,s status, which paves the way for the funding necessary to jump-start its operations. The Ministry of Labor also is moving ahead with plans to provide labor inspectors in every district. On August 4, the textile union and the three main textile employers TriStar Apparel, Phenix Logistic and Southern Range Nyanza signed the long-awaited procedural agreement. TriStar the focus AFL-CIO case, expressed a desire to move quickly in formulating a collective bargaining agreement. Post believes GOU and textile firms are meeting the requirements necessary to review the case for eventual dismissal. End Summary.

TEXTILE UNIONS

[1](#)2. (C) New leadership of the textile unions has helped improve the relationship with the textile manufacturers, according to Catherine Aneno, the newly elected President of the Uganda Textile Union. During a meeting with poloffs on July 27, she applauded the Government of Uganda,s passage of the new labor laws and thanked the U.S. for keeping up pressure on all parties to resolve the outstanding issues pertaining to the TriStar case. She blamed the managers of TriStar for slowing down the process of concluding the procedural agreement and noted that another textile manufacturer, Phenix was ready to finalize theirs. The issues of contention were which positions would be covered by the collective bargaining agreement (i.e. the scope of coverage), the modalities of the check-off system for union dues, and the grievance process. Aneno accused TriStar management of using intimidation tactics, including massive lay-offs, to intimidate workers. TriStar,s workforce is down to 340 from a one time high of 2,400. TriStar workers allege that machinery is being secreted out of the factory at night, destined for southern Sudan. A claim denied by TriStar management who attributes the story to Worker Member of Parliament, Dr. Sam Lymonki, who also serves as chairperson of the Confederation of Free Trade unions. TriStar claims to have had conflicts with Lymonki in the past and said it will request a public retraction his allegations. The union, in conjunction with the Ministry of Gender, Labor, and Social Development, has already begun sensitizing

employers and workers on the provisions of the new labor code.

LABOR LAW IMPLEMENTATION

13. (C) On July 28, poloffs met with Minister of Gender, Labor, and Social Development Syda Bbumba to discuss the status of the implementation of the new labor laws. According to Bbumba, the passage of the new labor code within four months time is an indication of the Government,s commitment to improving conditions for Ugandan workers. She expressed appreciation for the role the U.S. played in getting the laws passed and was proud to announce that labor unions now have representation in parliament. Bbumba said the new labor laws give the Government a &stick8 to move reluctant employers to respect workers rights. In addition, the operational instruments for the new labor laws were signed on July 27, the first step in implementation. Bbumba also said that the Ministry, despite its resource deficits, will have labor inspectors in each district who will be responsible for sensitizing employers and workers and enforcing the new code. She admitted that this task will not be easy, but it is one of the Ministry,s top priorities.

14. (C) Bbumba was critical of the TriStar management and blamed it for canceling several meetings to finalize the procedural agreement between TriStar and its employees. Nonetheless, she believed that an agreement would be reached. On the industrial court, Bbumba said that the industrial court has now been given high court status, which means it can be funded from the consolidated fund, rather than require a special allocation from the judiciary. Another sign of Government support for organized labor is the recent pronouncement that hotels which do not allow its workers the right to collective bargaining will not be allowed to host events and guests related to next year,s Commonwealth Head,s of State Summit, a much anticipated source of revenue for the tourism industry.

INDUSTRIAL COURT STATUS CLARIFIED

15. (C) Minister of Trade and Industry Janet Mukwaya told pol and econoff on August 4 that the Government is implementing the new labor laws on two levels. First, the clarification of the industrial court,s status allows it to be financed from the consolidated fund rather than the judiciary,s meager budget. Structurally, the industrial court will be considered a &specialized court8 similar to the commercial court and be the equivalent of an appeals court, rather than the high court. Mukwaya pointed out that the Government encourages parties to settle disputes through arbitration rather than resorting to the courts, but the industrial court will be an available option. A second development is that the Government and the trade unions have encouraged employers to respect the new law on occupational hazards. She gave the example of the Flower Industry benefiting from the new standards, which will allow export into EU countries. Mukwaya said that the Government also plans to allow public servants to unionize, a major step forward, and that men are beginning to take advantage of parental leave.

THE VIEW FROM TRISTAR

16. (C) TriStar blames Uganda,s current energy crisis which has taken a toll on local industry and economic growth for its staff layoffs. TriStar reported to EconOff back in March (see Ref B) that it would have to scale back production because of increased energy costs that add markedly to the cost of production. Uganda is experiencing daily load shedding with frequent and unpredictable variations. Most large businesses have resorted to using their own diesel powered generators to fulfill their energy needs. TriStar management said unless it is able to secure some short term

orders its number of employees may decline further. TriStar said it will bid on a new round of U.S. garment orders in early September and anticipates returning to 60 percent capacity of 1,200 workers. TriStar said it will bring back the workers it has been forced to lay off during the energy crisis. TriStar management told EconOff that it recognizes the importance of moving forward on the collective bargaining agreement and realizes that if Ugandan textile industry is seen as not respecting workers rights it could cost future contracts with U.S. buyers.

17. COMMENT: The GOU, Textile Manufactures, and the Textile Unions are aggressively and adequately addressing the concerns of the AFL-CIO GSP petition and it would be appropriate to review the case and consider its dismissal. All parties openly credit the U.S. for its role in facilitating the progress being made in labor rights. The concerns of TriStar regarding the energy crisis and the negative impact it is having on its production capacity are legitimate and have caused layoffs in other sectors.
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